

By: Senator(s) Hopson

To: Education

SENATE BILL NO. 2565

1 AN ACT TO AMEND SECTION 29-3-113, MISSISSIPPI CODE OF 1972,
2 TO AUTHORIZE SCHOOL DISTRICTS TO SPEND INTEREST ACCRUED FROM 16TH
3 SECTION TRUSTS ONCE THE SCHOOL DISTRICT IS CURRENT ON ITS LOAN
4 PAYMENTS; AND FOR RELATED PURPOSES.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

6 **SECTION 1.** Section 29-3-113, Mississippi Code of 1972, is
7 amended as follows:

8 29-3-113. The principal fund shall be a permanent township
9 fund which shall consist of funds heretofore or hereafter derived
10 from certain uses or for certain resources of school trust lands
11 which shall be invested and, except as otherwise provided in this
12 section, only the interest and income derived from such funds
13 shall be expendable by the school district.

14 The principal fund shall consist of:

15 (a) Funds received for easements and rights-of-way
16 pursuant to Section 29-3-91;

17 (b) Funds received for sales of lieu land pursuant to
18 Sections 29-3-15 through 29-3-25;



19 (c) Funds received from any permanent damage to the
20 school trust land;

21 (d) Funds received from the sale of nonrenewable
22 resources, including, but not limited to, the sale of sand,
23 gravel, dirt, clays and royalties received from the sale of
24 mineral ores, coal, oil and gas;

25 (e) Funds received from the sale of buildings pursuant
26 to Section 29-3-77;

27 (f) Funds received from the sale of timber; and

28 (g) Funds received pursuant to Section 29-3-23(2).

29 It shall be the duty of the Board of Education to keep the
30 principal fund invested in any direct obligation issued by or
31 guaranteed in full as to principal and interest by the United
32 States of America or in certificates of deposit issued by a
33 qualified depository of the State of Mississippi as approved by
34 the State Treasurer. The certificates of deposit may bear
35 interest at any rate per annum which may be mutually agreed upon
36 but in no case shall said rate be less than that paid on passbook
37 savings.

38 The Board of Education is authorized to invest the funds in
39 interest bearing deposits or other obligations of the types
40 described in Section 27-105-33 or in any other type investment in
41 which any other political subdivision of the State of Mississippi
42 may invest, except that one hundred percent (100%) of the funds
43 are authorized to be invested. For the purposes of investment,



44 the principal fund of each township may be combined into one or
45 more district accounts; however, the docket book of the county
46 superintendent shall at all times reflect the proper source of
47 such funds. Provided that funds received from the sale of timber
48 shall be placed in a separate principal fund account, and may be
49 expended for any of the purposes authorized by law.

50 The Board of Education shall have authority to borrow such
51 funds at a rate of interest not less than four percent (4%) per
52 annum and for a term not exceeding twenty (20) years, for the
53 erection, equipment or repair of said district schools, to provide
54 local funds for any building project approved by the State Board
55 of Education or to provide additional funds for forest stand
56 improvement as set forth in Section 29-3-47. In addition, the
57 board may borrow the funds under the same interest restrictions
58 for a term not exceeding ten (10) years to provide funds for the
59 purchase of school buses. The Board of Education of any school
60 district in any county that has an aggregate amount of assets in
61 its principal fund in excess of Five Million Dollars
62 (\$5,000,000.00) * * * may deduct an amount not to exceed Five
63 Hundred Thousand Dollars (\$500,000.00) for the purpose of covering
64 the cost of asbestos removal from school district buildings. Such
65 asbestos removal shall be construed to constitute the repair of
66 school district facilities as prescribed in Section 29-3-115.

67 No school land trust funds may be expended after the annual
68 payment date until the payment is made on such loan. Once a



69 district is current on its loan payments, the district may spend
70 expendable trust funds earned or accumulated in previous years for
71 any purpose for which expendable trust funds may be spent. The
72 annual payment can be made from any funds available to the school
73 district except minimum foundation program funds.

74 It shall be unlawful for the Board of Education to borrow any
75 sixteenth section school funds in any other manner than that
76 prescribed herein, and if any such funds shall be borrowed or
77 invested in any other manner, any officer concerned in making such
78 loan and investment or suffering the same to be made in violation
79 of the provisions of this section * * * shall be liable personally
80 and on his official bond for the safety of the funds so loaned.

81 **SECTION 2.** This act shall take effect and be in force from
82 and after its passage.

